## STATEMENT OF CHAIRMAN DANIEL K. AKAKA

Balancing Act: Efforts to Right-Size the Federal Employee-to-Contractor Mix

## Hearing

Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Senate Committee on Homeland Security and Governmental Affairs

I would like to thank you all for joining us here today for this hearing on the efforts to re-balance the work performed by federal employees and contractors.

The government's workforce has long been made up of both federal employees and service contractors working side-by-side to provide services to the American people.

Over the past decade, outsourcing increased significantly and management and oversight challenges have emerged. Federal agencies have begun to rely so heavily on contractors that agencies have lost the expertise needed to accomplish important parts of their missions. This is particularly troubling when agencies also lack the skilled staff needed to properly manage their contracts and oversee the contractor workforce.

Contractors do provide vital services and expertise to the government. After the attacks of September 11, contractors helped the Federal government quickly ramp up homeland security operations and stand up the Department of Homeland Security (DHS). However, more than seven years after DHS was created, the Department remains too heavily reliant on contractors to provide services that are critical to the agency's mission.

I have long been concerned that contractors at DHS and elsewhere are performing inherently governmental functions – work that should be done by federal employees. The Government Accountability Office (GAO) has told us that the closer contractors come to supporting inherently governmental functions, the greater the risk of influencing the government's decision-making process. However, the line between inherently governmental activities and commercial activities has been blurred.

Recently, the Obama Administration directed the Office of Federal Procurement Policy (OFPP) to reexamine the definition of an inherently governmental function and what jobs or functions should be brought back in house. I look forward to hearing from OFPP today on this matter.

Re-balancing the federal workforce will not simply be a job conversion process. This effort will take considerable workforce planning to determine what federal positions should be created and what contracting functions eliminated.

One issue that we must also address in this right-sizing effort is to reform the federal hiring process. The long and complicated hiring process across the Federal government may encourage agencies to use contractors rather than hiring permanent staff. Senator Voinovich and I have been pressing for federal hiring reform with our Federal Hiring Process Improvement Act (S. 736), and I am pleased that the Senate passed our bill Tuesday night.

The American people expect strong leadership from the Federal government and we must make sure the Federal government has the people it needs to perform critical functions and to properly oversee the important work done by contractors. We need to hire the right people, with the right skills, to perform the right jobs. I will work with the Administration to address any potential barriers that may hinder insourcing efforts.

I commend DHS for its efforts to develop and implement workforce plans to right-size its contractor mix. This is a big challenge, but I think it will finally reduce the Department's over-reliance on contractors.